



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

May 2, 2014

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: William T Fujioka  
✓ Chief Executive Officer

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Fifth District

## **SMALL BUSINESS ASSISTANCE (ITEM 4, AGENDA OF DECEMBER 17, 2013)**

On December 17, 2013, the Board, on motion of Supervisor Knabe and amended by Supervisor Antonovich, directed the Chief Executive Officer, in conjunction with Directors of Regional Planning, Public Works, and Public Health, the Fire Chief, Sheriff, Treasurer and Tax Collector, and any other relevant departments that interact with small business to:

- Review the existing County procedures regarding permitting and other related requirements for starting a small business, and report back within 90 days with recommendations on ways to assist small businesses in navigating through the County's procedural requirements;
- Analyze the feasibility of establishing a one-stop small business concierge service that offers guidance of the County's processes, including the role, staffing level, and cost projection for such service;
- Analyze the feasibility of creating a comprehensive web portal to better assist small business owners; and
- Analyze the process and cost for establishing an OpenCounter website for the County similar to the one operating in the City of Santa Cruz, which puts an array of zoning, permitting, licensing and fee information at the users' fingertips and provides forms and contact information to get the permitting process started.

This Office requested a 30-day extension for the report back, and below is our response to the above mentioned items.

## **Existing County Procedures for Starting Small Business**

While many County departments interact with a variety of businesses on a regular basis, the following departments are most involved with small businesses during the exploratory, or the initial start-up phase, when a potential small business owner is contemplating establishing a business at a particular location:

- **Regional Planning** – determination of appropriate zoning of business location;
- **Treasurer and Tax Collector** – business license administration and issuance;
- **Registrar-Recorder/County Clerk** – filing of fictitious business name statement;
- **Public Works** – building permit issuance and code enforcement;
- **Fire** – fire code compliance; and
- **Community Development Commission** – various incentives and business loan opportunities.

Other departments that may also play a role with certain specific small businesses include, but are not limited to, the following departments:

- **Public Health** – food-related businesses or laundry mats, body art, daycare, hotels and motels where customers' health may be of concern;
- **Agricultural Commission/Weights and Measures** – certification of weighing or measuring instruments;
- **Animal Care and Control** – compliance on use of animals in businesses or events;
- **Sheriff** – fingerprinting and background checks for certain businesses;

It should be noted that the County does have an **Office of Small Business**, who interacts closely with the Board's Small Business Commission, and is housed within the Internal Services Department. However, the mission of the Office of Small Business is to connect small businesses with government opportunities, primarily assisting them with the tools and training necessary to obtain business *from* the County (such as how to receive bid opportunities from the County government, how to respond to the County's Requests for Proposals, how to understand and comply with the County's contracting requirements, etc.). The Office of Small Business does forward small business start-up inquiries to the appropriate agencies, which may include County departments and State or Federal organizations.

The County currently does not have a central or "one-stop" service counter to serve small businesses, and the County's many requirements can be confusing to first-time small business owners, who may need to visit multiple departments to obtain the required permits, licenses, and other clearances. In some cases, the potential small business owner doesn't even know where to start asking the questions. While each County department is able to explain and provide clear instructions on what is required under that specific department's jurisdiction, and some departments have created a referral sheet to assist customers in contacting other entities, information on what else may be needed from other County department(s) to start operating a business is not available in a comprehensive way.

Significant collaborations do exist among County departments to reduce the number of visits a business owner has to make to obtain all the required County clearances. The most notable example is the one-stop permitting operation at the East Los Angeles County Hall, where **Public Works**, **Fire**, **Public Health**, and **Regional Planning** all have public counters at the same location to offer services to residents and businesses large and small. A greeter is also available and staffed by **Consumer Affairs**, who is able to direct visitors to the different desks, coordinate and schedule multiple counter activities in the appropriate order, provide contact information for County services not available at that location, and answer general questions.

Another collaborative effort is **Treasurer and Tax Collector's** business license administration and approval process, in which the department takes the license applicant's information and routes it to other applicable County departments, and obtains written approval from these departments before granting the license to the applicant, thus reducing the applicant's need to travel to multiple locations.

The County's internet website does provide some useful information to potential small business owners, and the content is accessible after the user clicks on the Business tab from the County portal's main page, then the Permits & Licenses link. However, some links are currently not up-to-date. The presentation/organization of the information, as well as the underlying content, could be further improved to assist new business owners.

In summary, while County departments have done a commendable job in assisting small businesses in obtaining the necessary approvals to operate a business, there are opportunities for improvements. To strengthen the County's support of people who want to start a small business, the County could, among other things, provide the following assistance:

- Create an internal small business reference document that could be consistently used by all County departments, containing information such as specific services provided to business owners, contact information, and possibly a flowchart on the typical steps required to operate a business in the County. Such a document could be used by all County departments and accessible on the County's intranet. An updating procedure could also be established to keep the information current;
- Create a user-friendly external reference document targeted to first-time small business owners, extracting relevant information from the aforementioned internal document. This document could be made available as a handout at various public counters where business owners may visit. County staff could be trained to use this document and guide the potential small business owners on various steps required to start a business in the County. This document could also be available on the County's internet website;

- Regular meetings could be convened with departments that interact with small businesses to discuss open/on-going issues, and strategize around improving services to small business owners. Local chambers of commerce, plus State or Federal agencies that work with small businesses, might also be asked to participate; and
- County departments could also attend local business outreach seminars or network functions in coordination with Board offices, in order to solicit direct feedback from potential or existing small business owners on improving the County's services.

### **Feasibility of One-Stop Small Business Concierge Service**

A hotel concierge is a staff person who has in-depth knowledge of local attractions, has many contact phone numbers, can connect the customer to a variety of services, and can also act as an intermediary to obtain products or services for the customer. Similarly, a small business concierge would answer questions and offer guidance related to starting a small business in the County. The concierge could connect the customer to other County departments, local business organizations such as chamber of commerce, or State/Federal agencies. In a most complete service model, the concierge could also act as a single contact representing all County departments, facilitating the processing of all required applications, and deliver a completed package with all the necessary permits and certification for the customer to start business operations.

A one-stop Small Business Concierge Service ("Concierge") does not currently exist in the County. A customer who has no prior experience in working with the County, would most likely first go to the County's website which may not contain the most up-to-date information. The customer could also contact the local chamber of commerce or city agency and get referred to a County agency as a starting point, or talk to a Board office's field representative. After the initial step, the customer may still run the risk of not being fully aware of what other County requirements may be, and the lack of this complete information, or receipt of conflicting information, may unnecessarily prolong the planned business start date.

While many County departments could initiate such a Concierge service, we recommend the Board consider launching it from the County's Department of Consumer Affairs. Consumer Affairs' leaders and staff understand the needs of its customers, and know how to meet those needs. Understanding the needs of first-time small business owners, and helping to meet those needs by clarifying and coordinating navigation through multiple County processes, is a task well suited to Consumer Affairs. Should the Board choose to launch this service, we would recommend the Board considers adding a Consumer Affairs Specialist position to Consumer Affairs in the FY14-15 Budget. This Office would then work with Consumer Affairs and Board Offices to create a job description for this function.

## Small Business Web Portal

This Office is currently redesigning the County's web portal. The redesign aims to make access to information easier and more useful for people visiting [www.lacounty.gov](http://www.lacounty.gov). Currently, information that may be useful for small business owners includes requirements for:

- County business license including the application process from Treasurer and Tax Collector;
- County building permit including fees from Public Works;
- Fictitious business name statement from Registrar Recorder/County Clerk;
- License/permit for health-related facilities from Public Health;
- Industrial waste disposal permit from Public Works;
- Other Public Health licenses and permits including the fees; and
- Other permits and licenses from various agencies;

A redesigned County portal will first make a clear distinction between doing business with the County versus doing business in the County, and refer users to the Office of Small Business if they are interested in doing business with the County.

The Small Business Web Portal (doing business in the County), at the minimum, could be developed to contain the following information:

- A logical and sequential step-by-step instruction for a small business owner to follow, in order to obtain all the necessary approvals, certifications, and permits from the County. Contact information for all relevant departments could also be listed;
- A simple, self-service way for the user to determine if the current or proposed business location falls under the jurisdiction of the County, (in most cases, unincorporated areas), and is zoned appropriately;
- Instruction and link to file the fictitious business name statement with Registrar Recorder/County Clerk;
- Link to business license information and application procedures with Treasurer and Tax Collector;
- Listing of other departments that may impose other County requirements, such as Agricultural Commission/Weights and Measures, Animal Care and Control, Community Development Commission, Fire, Sheriff, Public Works, Public Health, and others;
- Other business resources such as local chambers of commerce, small business administration, internal revenue service;

- Link to Affordable Care Act regarding health care law for employees; and
- Small Business Concierge Service page described in previous section, where a potential small business owner could initiate a conversation with the Concierge, and possibly schedule appointments using a web calendar.

This Office can work with County departments, as well as the Concierge (should the Board choose to establish the position), to implement and maintain a small business web portal. As the website and technology evolve, additional self-service components can be added to the portal, in order to expedite or improve the processing of certifications and permits.

### **OpenCounter Website for City of Santa Cruz**

OpenCounter is a startup company that began to work with the City of Santa Cruz in 2012, through various grants from Google, Knight Foundation, Code for America, and private investors. OpenCounter uses a question-and-answer methodology to guide the customer through the business permitting and licensing process, so that potential small business owners can determine the City's requirements and cost through the website, to start a small business within the City of Santa Cruz.

OpenCounter clients are mainly small California cities such as Santa Cruz, Los Gatos, Pacific Grove, Seaside, Gonzales, and Truckee, and the company currently has engagements with larger municipalities to grow their system and client base. The software's current concept and methodology is sound, and is worth consideration for adoption by the County of Los Angeles. However, the functionality of the current software is fairly limited and may not, in its current version, be able to accommodate the intricacies of the County's various rules and processes. Santa Cruz is a city with approximately 60,000 residents (compared to the County's 10 million residents, including over 1 million in unincorporated areas), and it issues on average only five licenses per week. The City also indicated that after one year of operation, while there's a higher number of visits to its OpenCounter website, most visitors did not complete all the required sections. On the other hand, it has been used by 100 to 130 customers who have gone through the entire process to generate estimates for permitting and licensing fees. Even with the assistance of the OpenCounter website, all customers are still encouraged to setup face-to-face consultations with City staff, to ensure no surprises in the actual application process. The County's Department of Public Works has also met with the representatives of OpenCounter to examine details of the software's functionality, and OpenCounter suggested that they may be able to create a system that can meet the County's needs in the future.

Therefore, it is difficult to estimate a cost to create or procure a system such as OpenCounter that will meet the County's needs, without first developing a detailed set of specifications and requirements from all affected County departments, and then use a Request for Information or Request for Proposals solicitation process to determine

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the feasibility and cost of deploying such a system. This Office would be happy to work with County departments, Board Offices and Consumer Affairs to proceed with such a process, should the Board wish to pursue a solution similar to OpenCounter. The County may also wish to consider the feasibility of utilizing internal resources to develop such a system, after the detailed specifications and requirements are developed.

If you have any questions or need additional information, please let me know, or your staff may contact Frank Cheng at (213) 893-7938 or [fcheng@ceo.lacounty.gov](mailto:fcheng@ceo.lacounty.gov).

WTF:BC:SHK  
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c:     Executive Office, Board of Supervisors  
          Chief Information Office  
          Community Development Commission  
          Consumer Affairs  
          County Counsel  
          Fire  
          Internal Services  
          Public Health  
          Public Works  
          Regional Planning  
          Registrar-Recorder/County Clerk  
          Sheriff  
          Treasurer and Tax Collector